

Helping the higher education workforce thrive

Discover how Mercer can help reshape pensions and investment outcomes, redefine the world of work and unlock real health, wellbeing and engagement for your people.



University and higher education workforces are changing. From pensions to mental health to career paths, workers' needs are evolving, and their employers need to evolve too.

Myriad services, new approaches, investment strategies and benefits packages exist that universities have not traditionally taken advantage of due to concerns around cost, return on investment and the perceived complexities of implementation. But what's on offer is also changing with the times. This brochure explores common challenges higher education institutions face when it comes to looking after your most important asset — your people — and highlights how we can help.

From attracting and retaining talent to improving benefits packages and wellbeing — all while balancing cost considerations — we have the unrivalled insights and experience to get you through it. If you would like to discuss any of the issues explored in this brochure, please do not hesitate to contact us.



Rebecca Dodd
Head of Mercer's Higher Education Group

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01 / Navigate a challenging pensions environment, and achieve better outcomes for you and your people

Pensions continue to top the benefits agenda in the higher education sector, both in terms of the financial burden on employers and the benefits members receive.

Downturns in financial markets, longer lifespans and increased regulation have resulted in rising costs for defined benefit schemes and uncertainty about the future.

Against this backdrop, pension scheme provision has become a major issue for finance and HR departments.

The 2017 and 2018 Universities Superannuation Scheme (USS) valuations shone a light on pension costs and risks, sparking a debate on the funding of defined benefit pension schemes that reverberated across the pensions industry. This continues in full force with the 2020 valuation.

Besides USS, universities faced massive cost increases for the Teachers' Pension Scheme (TPS) in September 2019. Another valuation is already underway, even as uncertainty continues to dominate for the Local Government Pension Scheme (LGPS).

The local Self-Administered Trusts (SATs) many universities have for professional support services staff are also under pressure from rising and uncertain costs and from the comparison with colleagues in USS.

It doesn't end there. We've seen higher earners affected by pensions tax (Annual Allowance and Lifetime Allowance) and people who simply don't understand their pension benefits, who are looking for help and guidance. With pensions being such a prominent issue in the sector and the source of ongoing industrial action, there has never been a more critical time to support your colleagues.

How we can help

We can support all aspects of your pension provision.

Our projects have included:

- Review of pensions strategy and participation for all sector-wide schemes and the SATs
- Review of benefits provision and reduction of pension scheme costs and risks — including everything from benefit changes to mergers, risk transfers, investment advice, fiduciary management and non-cash funding solutions
- Support for universities on the local SATs, including valuation assumption and contribution negotiations, strawman scheme designs, cost and funding implications, and communication with members and unions
- Pensions education and support for consultation programmes (USS, SATs, LGPS), including union meetings, all-staff education programmes, one-on-one sessions and senior team briefings
- Advice for universities looking to implement defined contribution schemes, including design (type of arrangement, contribution structure and broader benefits, such as life insurance and group income protection), provider selection, scheme implementation and ongoing governance support
- Advising universities, remuneration committees and individuals on "pension tax" and the implications for higher earners, including our hugely popular "pension surgeries"



02 / Secure the best talent with a compelling employment proposition

Organisations often lack clarity on what it means and how it feels to work for them.

There may be several reasons for this:

- Because messages to potential employees (online and through the recruitment process) are designed to “sell” the benefits of a career, they will emphasise the positive experiences and avoid certain realities.
- Reward and talent programmes may be poorly defined and therefore hard to communicate and manage.
- Reward and talent programmes may be disconnected from each other, so they fail to recognise, reinforce and reward the right personal and business outcomes.
- The governance of these programmes may be unclear, relying on distributed or shared responsibility and discretions, causing inconsistencies to arise from different interpretations of the requirements.
- Communications may be weak, so even well-defined programmes may be misunderstood by employees and their managers.

How we can help

Mercer can help make your university a great place to work. Our career experts help organisations design, communicate, implement and manage programmes that support employee progression and reward employees appropriately for the contributions and progress they make.

Typical services include:

- Designing the optimum employee experience, auditing current reward and talent programmes, and identifying areas for change
- Surveying employee engagement, attitudes and preferences to determine change priorities
- Building strategic workforce plans that identify future-critical roles or skills
- Defining reward and talent principles and governance arrangements that inform the design and management of career and reward programmes
- Benchmarking jobs using Mercer’s proprietary surveys and data
- Building base pay, bonus/sales and recognition frameworks that reward employees fairly
- Understanding transparency requirements for implementing and communicating reward and talent programmes effectively
- Developing functions and processes for optimal reward and talent management
- Upskilling functions and educating other stakeholders to ensure optimum reward and talent capabilities
- Providing sophisticated technologies for raising the effectiveness of reward and talent insights, analysis, modelling and decision-making





03 / Attract and retain the best talent with a more competitive benefits package

Once, universities could concentrate all their efforts on teaching; today, they need to think and act like a business. As with all businesses, employee wellbeing is as critical to success as the quality of service delivered.

The latest official data shows that almost 39 million working days were lost to work-related ill health in the UK in 2019 and 2020, with 1.6 million people suffering from a work-related illness.¹ A great benefits package can help to improve morale and increase productivity while also lowering costs associated with absence, replacement or temporary staff.

Spiralling or volatile costs for benefit provisions are often a concern. Tailor-made solutions for the education sector can help stabilise funding, procurement and budgetary requirements by providing cost guarantees and pooling risk with other institutions.

Due to funding or administrative burdens, universities are often unable to offer a full benefits package to all staff. Voluntary benefits, which are fully funded by employees, allow universities to extend cover to all staff, with more

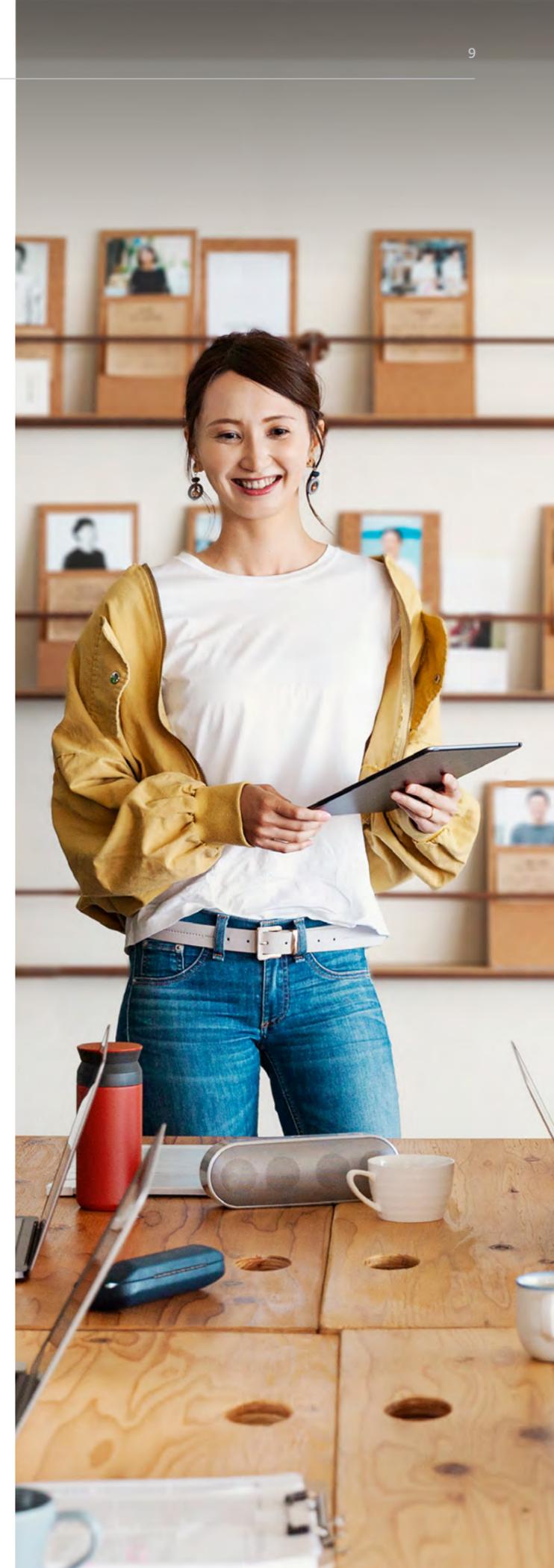
preferential rates for those employees opting into the benefit and without any cost to the university other than time spent on promotion.

How we can help

We can help you tailor a benefits package your employees will genuinely value, including any or all of the following:

- Corporate healthcare scheme**
 A corporate healthcare scheme is “employer-funded” health insurance that ensures employees have access to medical treatment without lengthy wait times, which means fewer costs associated with absence. These schemes were originally established for key employees but are now available to all employees. The schemes include cover regardless of medical history.
- Healthcare cash plan**
 This plan meets the costs of everyday healthcare needs, such as dental, optical and physiotherapy treatments, with premiums as low as £1 a week.

- Employee assistance programme**
 These programmes provide immediate access to professional counselling. A range of information and advice services to help with day-to-day issues at both home and work are also available via telephone, online and face-to-face.
- Health screening**
 Employers can choose to provide a wide range of health screens to enable employees to take a “prevention-rather-than-cure” approach to their health. This coverage can provide comprehensive health screenings at specialist centres across the UK and onsite check-ups for the wider workforce.
- Dental plans**
 These can provide immediate cover with no claim frequency limits. They offer access to both NHS and private dentists with no exclusions, at discounted rates.
- International benefits**
 International health coverage offers security for employees based overseas, providing reassurance and peace of mind for those working internationally.
- Death in service**
 Employers can insure a multiple of an employee’s salary or a fixed benefit amount to be paid to the employee’s family. This can reduce an employer’s liability under contractual benefits and offers greater security for employees’ family members should the worst happen.
- Income protection/disability insurance**
 This protection insures a percentage of an employee’s salary in the event of illness or injury. It can be provided for a limited payment period, with capital benefit options, and can include inflation protection. This option can often help reduce uninsured ill-health early retirement liabilities.
- Voluntary benefits**
 The above benefits can also be offered on an employee-funded basis, with no cost to the university.



¹ UK Health and Safety Executive, available at <http://www.hse.gov.uk/statistics>.



04 / Boost performance with improved employee health and wellbeing

Happy, healthy and engaged employees are more productive and less likely to take unplanned time off, which ultimately has an impact on the bottom line. The challenge facing all employers is to invest in the benefits and initiatives that work for their employee populations.

Health and wellbeing is a broad church and covers eight key pillars: physical, emotional (mental), financial, social, intellectual, spiritual, occupational and environmental, of which the first four have the greatest impact.

It is important for employers to identify the key health risks within their employee populations to enable wise investment that delivers cost-effective health and wellbeing support. The majority of employees have at least one health risk, so knowing which ones to prioritise at a population level is essential.

Mental health is extremely relevant at the moment due to an increase in awareness and prevalence of mental-health-related issues. It is crucial that all employers recognise the impact of poor mental health on the employee and the associated loss of productivity for the employer.

Within universities, mental health challenges are on the rise for both staff and students. Universities are well-placed to create and embed a culture of positive mental health and wellbeing. It is also vital that tutors and support staff be able to spot the signs of mental health problems (in each other and their students) and guide people to appropriate support.

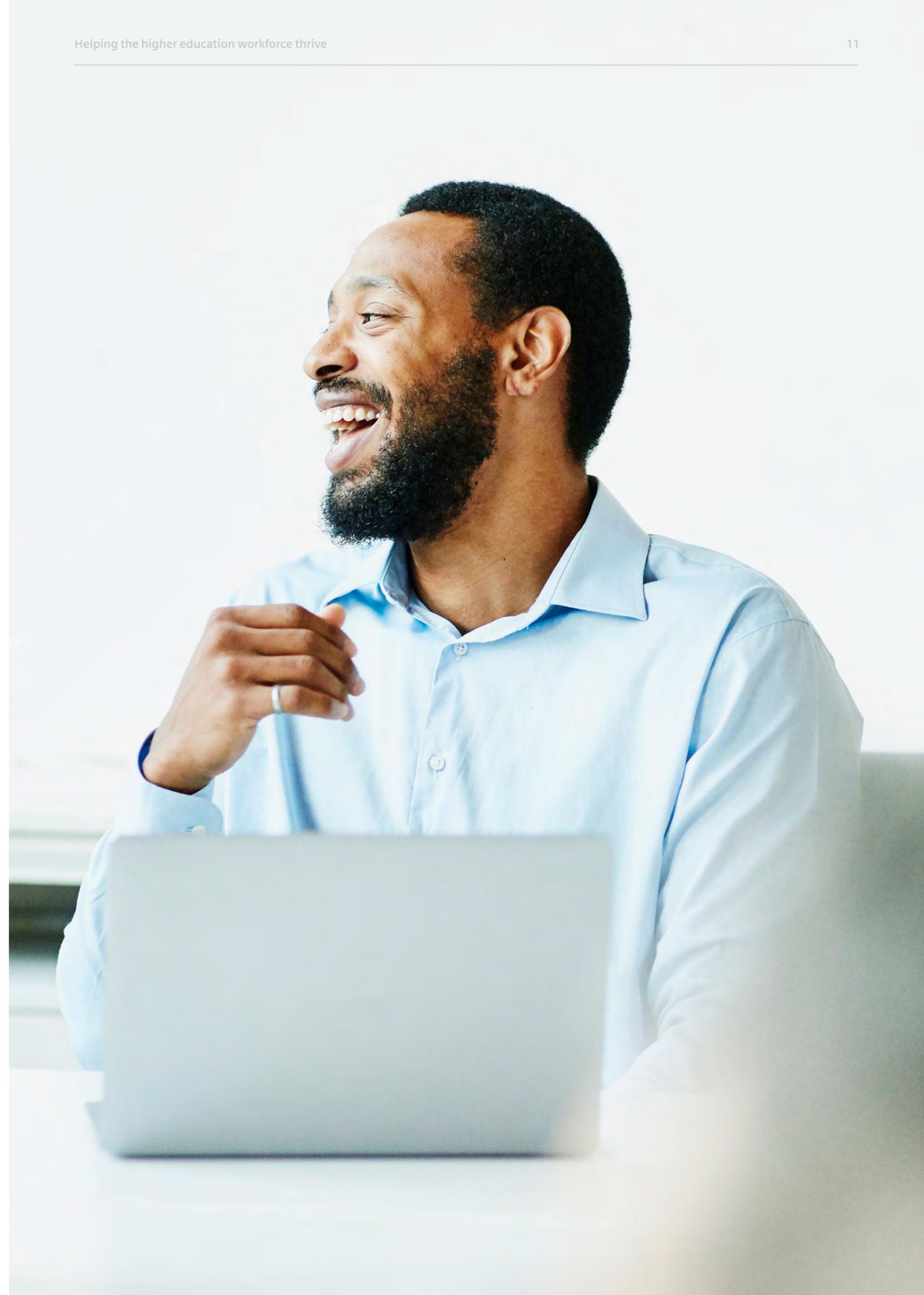
How we can help

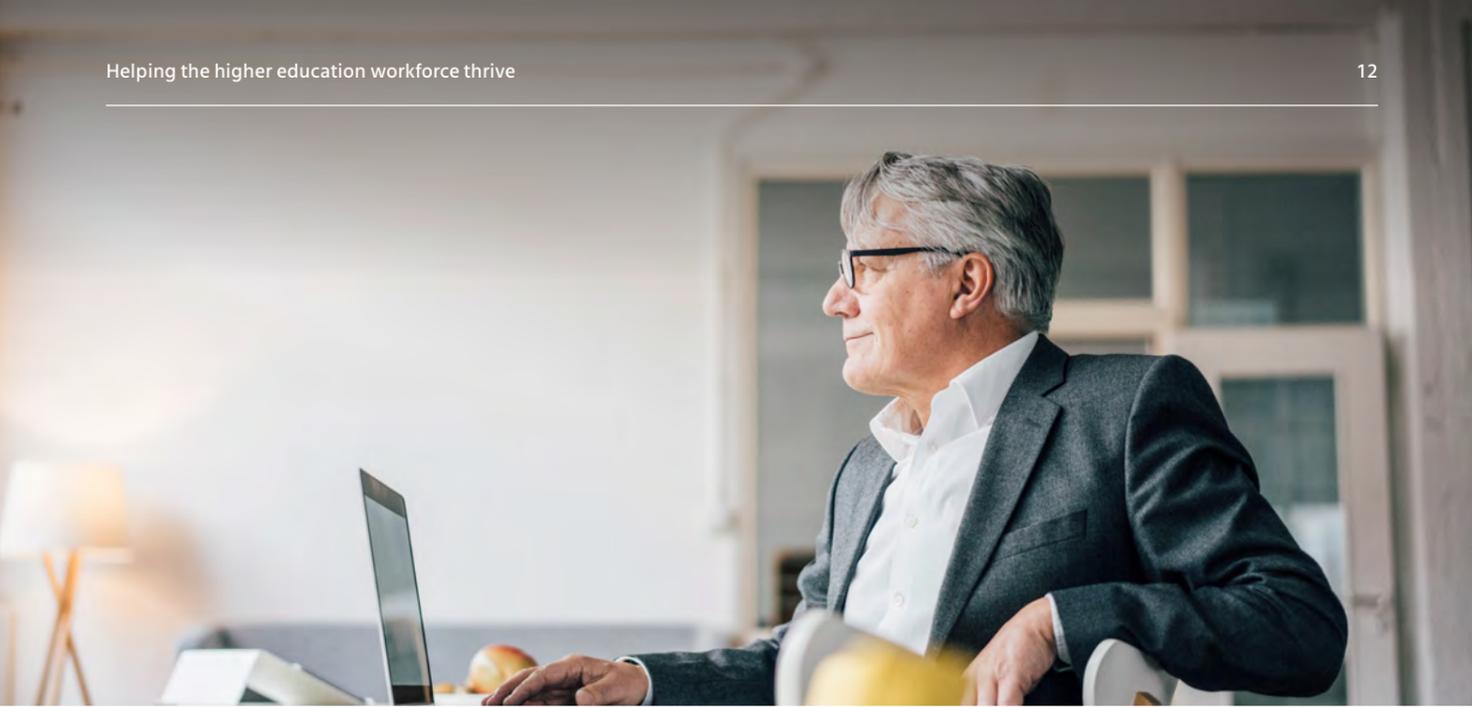
We can help employers identify and quantify their health risks, enabling the creation of an evidence-based health and wellbeing strategy or programme. We take a data-driven approach wherever possible but can also adopt a qualitative approach where necessary.

We have a specialist team of clinicians who develop and deliver integrated care pathways for critical health risks, most notably for mental health. These pathways ensure employees get the right treatment at the right time and facilitate a more cost-effective use of the often-fragmented healthcare resource. We will work with existing providers or help source new providers when needed. We also help develop mental health and broader wellbeing policies to ensure employers deliver best practice when considering how to manage health risks.

Mercer also has extensive experience in delivering robust education for employers (including senior leaders and line managers) in subjects such as stress awareness, resilience and spotting the signs of mental health issues in others.

With the unique skills and expertise of our market-leading team of clinical consultants, we are well-placed to support any health and wellbeing challenges your institution faces.





05 / Improve the financial wellbeing of your staff, and empower them to make better financial decisions

Employers were already recognising the impact of financial wellbeing on employees before we began to feel the effects of the COVID-19 pandemic — on our lives and the lives of our employees and their families.

The widespread effects of COVID-19 have significantly increased financial stress for many. For some, this means increased debt — and in many cases, financial hardship for families who have experienced reduced or lost earnings or jobs.

We're only human, and financial problems can often impact performance or behaviour at work. They can cause distraction or disengagement and affect mental and physical health. No employer is immune to their employees' problems.

These widespread issues are compounded in the university sector by the dramatic changes experienced in recent years.

Change has affected everything from pensions to a commercialised operating environment to workforce management and employee expectations.

Differences between employment arrangements for academic and non-academic staff have gained new prominence and attracted considerable controversy. Long-standing academic career progression issues, amplified by the removal of the Default Retirement Age in 2011, haven't disappeared. The cross-sector move away from Final Salary pensions, general pressure on compensation levels and increasing Sessional appointments have made the future for the workforce even more uncertain.

These factors combine to exacerbate financial wellbeing issues within the sector, leaving academic and non-academic staff alike unable to bring their best selves to work or to plan long term for a successful future within their chosen institutions.

How we can help

With years of research and experience supporting clients through our dedicated specialist financial wellbeing teams, we have developed a deep understanding of both employer and individual employee needs. This combines with significant experience helping clients develop appropriate financial wellbeing strategies for their organisations, delivered at the right pace of development.

Mercer can deliver comprehensive financial wellbeing and education support, including written articles, seminars and small-group workshops, e-learning, webcasts and campaign materials, all of which we can tailor to meet your needs. Additionally, with our sizable team of regulated financial advisers, we can offer an end-to-end service for employees if needed — from basic education to full individual advice. We are one of a select number of UK financial advisory firms to achieve Chartered status.

Free financial wellbeing resources for you and your employees

As part of Mercer's initial COVID-19 response in support of employers and their employees, we launched our free [Employer Financial Wellbeing Resources site](#) and our free [Employee Financial Wellbeing Toolkit](#) in April 2020.

The Employer Resources site will remain available, with regular updates to help you navigate the external changes that will continue to affect the financial wellbeing of your employees (and their families and friends).

The Employee Toolkit will also remain available to help you continue to improve support for employees in the coming months — and beyond. The Toolkit will include plenty of updated hints, tips and articles to support them with their ongoing financial wellbeing.

Many universities made the Employee Toolkit available to their employees in 2020. If you have not already done so, please feel free to promote it to them using the draft email provided on the Employer Financial Wellbeing Resources site.

Other examples of our ongoing financial wellbeing capabilities and services include:

Digital educational content

- Financial wellbeing hub with core content and support for employees' financial wellbeing (see above)
- On-demand topic-based videos and online learning modules
- Interactive, web-based financial resilience simulation and education modules

Financial education courses (delivered via face-to-face meetings, by telephone or digitally)

- Being better with money/early career topics
- Making the most of your money/mid-career topics
- Pre-retirement planning, lifestyle and finance topics
- Pensions
- Financial fitness challenge
- Scams and fraud awareness
- 50+ — planning your future
- High earners planning

Self-help services and guidance

- Mercer Money — our personalised digital financial management app with tools and nudges
- Financial guidance (one-on-one "surgery" or "clinic" sessions)
- Financial coaching sessions (extended one-on-one sessions, with action plans provided)

Full advice

- Modular or comprehensive full personal financial advice and planning
- Various pre- and at-retirement guidance and advice services



06 / Manage employee benefits with ease, and transform the employee experience

Managing benefits and encouraging employees to make the most of them can be challenging, particularly for universities.

On the administrative side, the approach to benefits management is often manual, resulting in inefficiencies and data risk. Having staff posted to satellite campuses around the world further complicates this risk.

Engaging university staff in benefits is also more important than ever. Salaries are often lower than in the private sector. And with the addition of political challenges, such as Brexit, universities are likely to struggle to attract and retain academic and non-academic talent from outside the UK.

The ability to promote all available benefits in one place is key. This includes highlighting the many valuable benefits that don't have a tangible cash value, such as use of facilities, sport memberships, training and development, flexible working, and local discounts.

How we can help

An online benefits platform is an essential part of managing benefits efficiently and boosting employee engagement. Depending on the size and complexity of your institution, we have a digital platform to suit your needs.

Digital benefits platforms have many advantages, allowing organisations to:

- Manage all employee benefits and related data and documentation in one place
- Obtain quotes and purchase benefits online
- Improve visibility and results through data-driven insights and reporting, all from one source
- Minimise the risk of data errors and maximise efficiencies by removing the need for paper forms, spreadsheets and human manipulation of benefits data
- Create a seamless, engaging and personalised experience for employees, with 24/7 access to information on their benefits
- Highlight benefits with non-monetary value, showing your employees the true range of benefits available
- Increase offer-to-acceptance rates for new talent by giving prospective employees access to their total reward packages before joining
- Support international assignees, making it easy for them to learn about, enrol in and manage their benefits wherever they are posted



07 / Improve communication, increase engagement and empower a culture of being well, together

Never has it been more important that we come together as employers to focus on the wellbeing of our people.

Togetherness is something we have lost to the pandemic, and it is something many people are struggling with. However, we firmly believe this challenge can be addressed and overcome by leveraging the power of technology.

There are three key challenges when it comes to supporting wellbeing through the workplace.

The first of these is low engagement. Whether we like it or not, current wellbeing strategies, initiatives, campaigns, and the many point solutions and services that have exploded onto the wellbeing scene are failing to achieve the levels of engagement required to support long-term, sustainable change. The take-up rates of many of these services tend to be lower than 10%. This lack of engagement is a challenge. If we are not reaching the vast majority of people and not creating an engaged audience for our wellbeing strategies, we are falling short of supporting our people's wellness.

Furthermore, the solutions, services and communications currently used by universities tend to engage the already engaged. These individuals are already thinking about their wellbeing and are actively pursuing healthier, wealthier lifestyles and won't hesitate to get involved. We need to find new and effective ways to reach the large group of employees who are disengaged.

The second challenge is no change in employee behaviours. There is a big difference between offering a service such as an onsite gym and your employees using the gym enough to have a real impact on their health. As employers, and as a society, we must do more to help employees shape behaviours and good habits.

The final challenge is too much noise. Like most sectors, almost all universities have defaulted to using email as their sole communications channel. People have become adept at sifting through vast quantities of information and picking out the things that grab our attention. And because we are time-poor, we tend to prioritise work-related requests and dismiss the rest. We need to cut through that noise and capture the imaginations of our employees.

How we can help

- [Ondo](#) is our new communications, engagement and wellbeing app, developed using techniques traditionally found outside the workplace — social media, gaming and health platforms that truly engage your people.
- Ondo takes a fresh, human-centric approach to wellbeing by making it social, fun and personal. Ondo helps your employees to develop and maintain healthy habits so they can truly thrive — at home and at work.
- Ondo brings together essential aspects of your employees' wellbeing — physical, mental, social and financial. Employees get support across all dimensions of your wellbeing strategy, resulting in happier, healthier people.
- With Ondo, you'll also gain valuable insights into your workforce wellbeing, allowing you to make informed decisions on wellbeing strategy and truly build a culture of health within your organisation.



08 / Improve your endowments investment strategy

Universities face several significant challenges regarding their endowment investment portfolios.

An increasingly uncertain economic backdrop has led many clients to consider making changes to the risk/return profiles of their investment strategies.

Over the past 15 years, income yields on traditional asset classes, such as equities and bonds, have fallen significantly. As a result, "restricted" endowment portfolios (which can only spend income from investments) have had trouble maintaining spending levels.

Environmental, social and governance (ESG) issues are critical, and universities face pressure to assess both reputational and financial risks. In particular, we see university clients coming under growing pressure to justify fossil fuel exposure, among other sensitive topics, forcing them to consider options such as divestment and engagement.

How we can help

By combining our heritage in advisory services, responsible investment expertise and bespoke investment solutions, we can provide comprehensive services for universities. This unique structure allows us to leverage Mercer's global intellectual capital and investment manager research capabilities to deliver a superior service.

Our key services include:

- **Assisting clients in setting appropriate investment objectives:** Our advice takes your specific risk tolerances, ethical considerations, and liquidity and income requirements into account.
- **Investment strategy advice:** Using market-leading modelling tool PFaroe, with its dedicated endowments module, we can work interactively with clients in real time or to produce outputs for reports.
- **Responsible investment advice:** Part of our broader investment team, our dedicated Responsible Investment Team has been helping charitable endowment clients to access sustainable opportunities, stay abreast of ESG trends and navigate the ever-changing regulatory landscape for more than 15 years. Mercer has a solid track record of leadership on climate change, publishing research on this topic for more than a decade, including our recent study, [Investing in a Time of Climate Change: The Sequel](#).
- **Implementation platform:** Mercer operates the largest global regulated investment solutions platform of its kind, using our investment advisory heritage and market-leading investment manager research. Through this platform, we have experience in building bespoke investment portfolios across a broad range of asset classes. The portfolios can be tailored to asset class, liquidity, income and ESG beliefs. In addition, our clients benefit from the collective scale and buying power (c. £234 billion in assets) to secure investment management fee discounts.





Contact us

To discuss any of these topics further or for more information on how our experts can help your university, please reach out to us.



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